

Developer Emery plans \$60M in office space in Cool Springs

by Eric Snyder
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Here's something not seen in a while: Developer Pat Emery and an all-cash financial partner are ready to build new office buildings in Cool Springs.

Emery, responsible for the development of 10 office buildings in Cool Springs over the past 14 years, is drafting plans for two new office buildings that would represent an investment of at least \$60 million.

The project will be another major weapon for Williamson County to recruit corporate headquarters. Plus, it carries strong name recognition — led by Emery, president of Spectrum Properties/Emery Inc., and financially backed by J.P. Morgan.

Plans are being drafted for Carothers Plaza I, a 150,000-square-foot building that Emery values at \$30 million. Emery would not begin construction until a tenant or tenants have signed on for a build-to-suit project.

Because of the project's size, however, Emery said he's prepared to build speculatively should the market continue to improve, a scenario that he said is looking more likely for 2012.

Despite a number of prospects, the fundamentals of the market aren't yet prime for speculative construction, Emery said. Construction costs are down, but so are rental rates in the area.

Emery sees those rates increasing over the next year, however, due to the dwindling amount of available space on the market.

According to the latest market report by Cassidy Turley, overall office vacancy in Cool Springs stood at 11.3 percent, but large spaces remain in only a handful of buildings.

"We see the general office market coming back in about 24 months," Emery said. If a tenant doesn't drive construction in 2011, construction on a spec building could start in early 2012 and be completed later that year, he said.

Myllinda Vick, a principal in local brokerage Cherry & Associates, agreed with that rough timeline, saying it may even be 2013 before the speculative market is ready to return. Vick noted that a number of large tenants who would have been candidates for a build-to-suit project instead signed short-term lease renewals this year, as the fits and starts of any economic recovery continue to give companies pause when making long-term decisions.

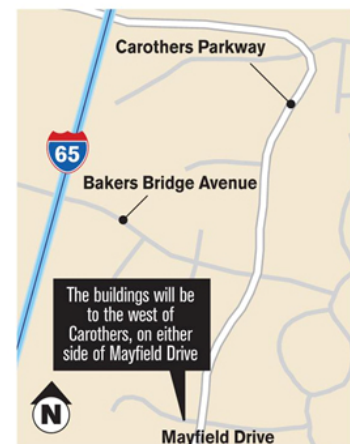


James Yates, Nashville Business Journal
Pat Emery, president of Spectrum Properties

Emery, says he has cash financing for at least \$60 million in office space in Cool Springs, including a site for a large headquarters. Other developers also are drawing up growth plans for the area.

Carothers Plaza I & II

Spectrum Properties/Emery Inc. is preparing plans for two new build-to-suit office buildings in Cool Springs. The buildings could total up to 600,000 square feet and would cost \$60 million or more.



Emery is not the only one prepared to take advantage of the speculative market's return. Boyle Investment Co. has begun drafting plans for its last 175,000-square-foot office building in its Meridian Cool Springs development.

Emery envisions holding on to the site for Corporate Plaza II, currently a parking lot outside The Carothers Building, for a massive corporate headquarters building. The value of this building would start at \$30 million and go up from there, depending on size.

"We have no limit to what we can spend at this point," Emery said. Both buildings would be located along Carothers Parkway.

Emery declined to name the financial partner in the buildings. However, the current portfolio of office space represented by Spectrum Properties in Nashville is owned by J.P. Morgan, whom sources said would also be financial backer and owner of the newest additions to the portfolio.

Matt Largen, director of the Williamson County Office of Economic Development, said having a build-to-suit project like Emery's in the wings helps him market the community to companies interested in relocating to the area.

"It's not just a luxury to have it. It will be a necessity to have it going forward," Largen said. Though there are a number of developers across the mid-state that talk about their interest in build-to-suit projects, there's reason to take note when Emery steps up to the plate, Largen said.

Emery "has a long history of development in this community," Largen said. "... He's not going to start a project if he's not serious about it."

Potential tenants still measuring up the market

Build-to-suit office projects need tenants to become anything more than glossy marketing materials.

At least two such projects are now waiting in the wings in Cool Springs — Spectrum Properties/Emery's Carothers Plaza buildings and Boyle Investment Co.'s last office building in Meridian Cool Springs — and there are a number of potential tenants exploring the market or considering local expansions.

Matt Largen, director of the Williamson County Office of Economic Development, said he's tracking 30 prospective companies in Williamson County, including retentions, expansions and relocations. He said 21 of the prospects, all with an office component, are active, meaning there is ongoing dialogue between his office and the prospect. Eight of those active projects are users in need of 100,000 square feet or more, Largen said.

"This is the busiest December I've had since I've been in this position," said Largen, who took the post in 2008.

As previously reported by the Nashville Business Journal, Mars Petcare U.S. Inc. is pursuing a major expansion of its Franklin headquarters, as is Nashville-based Asurion, which could expand using a build-to-suit project in Williamson County.

Pat Emery, president of Spectrum Properties/Emery, said he is speaking with two tenants, a health care company and an insurance company, as potential suitors for Carothers Plaza I. Though neither would be a corporate headquarters, Emery said neither prospects are in the market. Emery said both users could take a combined 150,000 to 200,000 square feet of space.